

Strategy and Toolbox of EU Climate Policy

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Energy Transformation and Climate Change Challenges

Outline

1. Problem and perception
2. Framing climate policy
3. Current situation and projectives of EU greenhouse gas reduction
4. Green Deal - Political design and strategy
5. The Toolbox
6. Conclusion

Problem and perception

- **Simultaneity of crises**

Attack by Russia on Ukraine: energy prices , energy security

Covid – 19 pandemic, global health crises

harmful impact of climate change in Europe: drought and floods

economic, social and democratic challenges

- **Climate risks** are becoming more complex and difficult to manage and are cascading across regions and sectors (IPCC)

„... a sudden shift in climate could trigger systems failures that unravel societies across the globe“ (climate endgame, MIT 2022, p. 6)

- **Positive perception of the economic impact of an active climate policy**

Framing climate policy

- **Mitigation:** phasing out of fossil fuels and energy efficiency is important but it may not be enough to avoid catastrophic climate change
- **Adaptation:** „Europe must increasingly deal with the harmful impacts of climate change, regardless of its success in reducing emissions“ (Lenaerts et al, 2022)
- „Climate damages lie within the realm of „deep uncertainty“ (p. 4)
- **Policy making** in democratic societies may be guided by longterm objectives and visions. Action, however, is incremental. Sudden heavy burden for society and mainly for vulnerable societal groups must be avoided not to risk political stability
- An incremental, step by step approach characterises EU climate policy.
- Race against the time vs. incrementalism

Current situation and projectives of EU greenhouse gas reduction

- in 2020 EU greenhouse gas emissions were 32% lower than 1990 (EEA)
- GDP increase since 1990 around 60 %
- **Projectives**
- Current trajectory puts the world on track for a temperature rise between 2.1 and 3.9 C
- If all 2030 nationally determined contributions are fully implemented, warming of 1.9 to 3.0 degrees is expected by 2100 (IPCC)
- Paris Agreement: 1,5 to 2.0 degrees C
- EU share in global CO2 emissions 9,5 %

EU Green Deal - Political design and strategy

- The Green Deal enlarges the until now mostly energy related cross cutting scope and need for coordination by other policy fields such as agriculture, land and soil use, biodiversity, regional planning and circular economy policy.
- Principle of action: „Policy making is not about what can be done in theory, but much inspired by practicalities and **political feasibility**“ (Jos Delbeke)
- The **agenda setting** power is borrowed from the international arena: the regular COP under the UNFCCC , the Convention on Biological Diversity (next COP in December 2022) and the Agreement on the Sustainable Development Goals **with their national reporting obligations.**
- **Limits:** energy mix, energy supply structure, taxation, land use are subject to unanimity

The toolbox

- „No single policy instrument that can bring down greenhouse gas emissions, but the challenge has been to put a jigsaw of policy instruments together that is coherent, delivers emissions reduction, and is cost-effective“(Jos Delbeke, former DG Climate Action)
- Climate law approved: binding targets 55% in 2030, neutrality in 2050
- Fit for 55 in 2030: package of 54 proposals to revise and update EU legislation, some new initiatives mainly land based removal
- by 2050: binding target zero net emissions but for implementation „a lot of ambiguity and ‘strategic fog’“(Oliver Geden, Stiftung Wissenschaft und Politik)
- Decision making still in progress

Fit for 55 package – tools for mitigation

- **Emissions trading system (ETS)**. Until now 42,8% reduction of emissions from power generation and energy intensive industries. Aim in 2030 61%
phase out of free emissions allowances für aviation, inclusion of shipping emissions
- Separate ETS for fuel distribution for **road transport and buildings**
- Stronger CO2 emission standards for **cars and vans** – zero emissions mobility in 2035 compared to 2021
- **Alternative Fuels Infrastructure Regulation**: MS should expand charging capacities in line with zero-emissions car sales
- **Renewable Energy Directive**: 40% renewable sources by 2030 with specific targets for Renewables in transport, heating and cooling, buildings and industry.
- **Energy Efficiency Directive** with annual targets for reducing energy use at EU level, almost doubling the annual energy saving obligations for MS

- ## Financial-economic tools

- Revision of the **Energy Taxation Directive** „align the taxation of energy products with EU energy and climate policies“ – removing exemptions and incentives for fossil fuels
- **Carbon Border Adjustment Mechanism** – carbon price on imports of cement, iron and steel, aluminium, fertilisers, electricity , operational in 2026 for non-EU countries. Exception countries participating in the ETS

Land based removal proposals -- Neutrality

Regulation on Land Use, Forestry and Agriculture

- **Nature Restoration Law**, restoring wetlands , rivers, forests, grasslands, marine ecosystems, urban environment by 2050, 20% as binding target by 2030 not limited to the habitat Directive and Natura 2000 protected areas
- MS obliged to develop National Restoration Plans following governance rules for monitoring, reporting and enforcement
- Multiannual Financial Framework – around 100 billion EUR for biodiversity spending
- Carbon farming – in the context of Common Agricultural policy – CAP
- **Strengthening Use of Pesticides Directive**: legally binding targets at EU and national level for 50%
reduction by 2030, ban on all pesticides in sensitive areas

Non land based removals: CCS and CCU

- EU Research and Innovation activities, HorizonEurope and Innovation Fund in the context of ETS revenues
- Activities in some MS and private companies .
- e.g. Wintershall DEA and Norway: CO2 storage provider for 20% of CO2 emissions from German industry
- Public engagement low. The reason: not weaken mitigation as a priority
- However Commission should work on a system for certifying and accounting
- UNFCCC should include removal data in the reporting guidelines on annual GHG inventories

Climate Adaptation Strategy

EU Mission for Adaptation for Climate change

- Mission should help to better understand, prepare for and manage climate risks and to develop solutions to build resilience
- 370 million EUR from Horizon Europe for the period 2021-23 for areas impacted by extreme weather events
- 7.6.2022 118 regions from 18 MS and 6 more parties mainly associated with the research programme Horizon Europe
- Possibility to build joint initiatives with other EU missions and programmes such as the European Agricultural Fund for Rural Development, the Cohesion Fund and the Regional Development Fund

Financial support for climate action

- Multinational Financial Framework 2021-2027: 30% of EUR 2 trillion budget
- 30 % of NextGenerationEU
- 37% of EUR 723,8 billion Recovery and Resilience Facility
- **New Social Climate** fund to help citizens finance investments in energy efficiency, new heating and cooling systems and cleaner road transport financed by EU budget and member states using revenues for road and building fuels

Commission „Fund would mobilize EUR 144,4 billion period 2025-2032“

Effort Sharing Regulation

- For sectors not covered by ETS: targets based on GDP per capita
- Update periode 2022 - 2030:
- **„Rich“ countries:**
- Denmark, Germany, Luxembourg, Finland, Sweden – 50 %
- Netherlands, Austria, France, Belgium – 47/48 %
- **„Poor“ countries:**
- Bulgaria -10%, Rumania -12,7 % Croatia – 16,7%
- Latvia, Poland – 17%, Hungary -18,7%

Conclusion (1)

- ETS the cornerstone
- Commission from jigsaw to clear ambitious 'law and order' policy
more Directives instead of Regulations
- Difficult enforcement because of a lot of specific details
- A lot of financial resources available, their appropriate use in the MS is challenging
- In the context of current crises the perspectives for growth and trade by climate mitigation opportunities are not good.
- Dealing with the social impacts of the dramatic increases of energy bills will become a key political question
- In the medium and long term European economy may become more resilient and less dependent on energy import.

Conclusion (2)

Jos Delbeke: Apart from huge investment resources required for the development of new technologies, **permitting procedures and other administrative hurdles** will have to be addressed.“

Huge research field for political science and administrative science. A research subject neglected in the last decades.

The problem of climate change and need for a strong climate policy has been pushed and underlined by natural sciences.

Good research taking the practical problems into account and how the problem could best be solved and managed is still missing.

Economic sciences produce simple price related solutions leaving the collateral damage to politicians

Discussion

EU climate policy condemned to success?

Saving the climate or democracy?

Time as the crucial factor